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Ronald Bluestein
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June 29, 2006

Kedari Reddy, Esq.
EPA Region Two
290 Broadway, 17th Floor
New York, NY 10007

JUL 5 2006

RE: Demand for Reimbursement of Past Costs Expended at the Lower Passaic River
Study Area in Essex, Hudson, Bergen and Passaic Counties, New Jersey.
Royce Associates

Dear Ms. Reddy:

I am in receipt of Raymond L. Basso's letter dated June 2, 2006 addressed to Albert Royce President Royce Associates, a copy of which was sent to me as counsel for Royce Associates. In response to a previous letter from Mr. Basso dated November 9, 2005, I responded to that letter on December 8, 2005. A copy of my December 8, 2005 letter is attached. Copies of my letter were forward to William H. Hyatt, Esq., Kedari Reddy, Esq., A.J. Royce III, and J. Bradford McIlvain, Esq. (an attorney in Dilworth Paxson's office). Your letter of June 2 sets forth information pertaining to a company's financial ability or inability to contribute toward the payment of the Response Cost. Royce Associates if liable for any of these costs may qualify for this relief. Therefore, please forward to Mr. A.J. Royce of Royce associates and to me the "Package of Information" referred to in your letter relating to "Ability to Pay Settlements."

As I stated in my December 8, 2005 letter, Royce Associates is a separate and distinct legal entity from Royce Chemical Company. Royce Chemical Company was sold on October 1, 1981 to Virginia Chemicals Inc. and thereafter was liquidated. Royce Associates, a limited partnership, was a newly formed entity which contained partners that were not shareholders in Royce Chemical Company and also contained partners that were shareholders in Royce Chemical Company. What is your basis for involving Royce Associates in this matter?

Royce Associates is in the process of retaining special counsel who is expert in environmental matters. That council will review the correspondence, the facts of the case, and advice Royce Associates of their opinion as to any potential liability. Until that is done, Royce Associates at this time is unable to respond as to whether it intends to join the "Cooperating Parties Group." Environmental counsel will research the law relating to the Superfund Small Business Liability

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Relief and Brownsfield Revitalization Act of January 11, 2002. A more complete answer to your June 2 letter will be forthcoming. Thank you for your patience in this matter.

Very truly yours,



Ronald Bluestein

RB/slf

Enclosure

cc: A.J. Royce III
Royce Associates
Raymond Basso
William H. Hyatt, Esq.
J. Bradford McIlvain, Esq.

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December 8, 2005

U.S. Environmental Protection Agency
Region 2
290 Broadway
New York, NY 10007-1866

Attn: Ray Basso
Strategic Integration Manager

RE: Diamond Alkali Superfund Site - Notice of Potential Liability for Response Actions in
the Lower Passaic River Study Area, NJ

Dear Mr. Basso:

My client, Royce Associates, a New Jersey limited partnership, has forwarded to me your November 9th letter and the attachment of potential defendant companies in which Royce Associates, 336 N. Broadway, Suite 400 Jericho, New Jersey 11753 is included on the left-hand column and Royce Chemical Company, 17 Carlton Avenue, East Rutherford, New Jersey, in the right-hand column. Royce Chemical Company, a New Jersey corporation, was sold on October 1, 1981 to Virginia Chemicals, Inc., a Delaware corporation. Royce Chemical Company was, shortly thereafter, liquidated. Royce Associates, a New Jersey limited partnership, was a newly formed entity in 1982. Royce Associates, a limited partnership, is an entirely different and distinct entity from Royce Chemical Company. There is no surviving or continuing corporation related to Royce Chemical Company.

From my review of your November 9th letter, it appears that Royce Associates, which was formed in 1982, cannot be potentially liable for any environmental violations relating to the Lower Passaic River, considering Royce Associates' activities, its type of business and the date that it was formed. Therefore, it does not appear that Royce Associates is a proper party to join the "Group" for the purpose of a settlement with the EPA.

I would appreciate discussing this matter with you or with Mr. Hyatt, Esquire, or Ms. Reddy, Esquire, pertaining to the above. I am sending a copy of this letter to each of these parties. I would be pleased to provide you with any documentation to evidence the sale and termination of Royce Chemical Company and the formation of the limited partnership, Royce Associates.

I look forward to your response.

Very truly yours,

Ronald Bluestein/es

Ronald Bluestein

RB/es

cc: William H. Hyatt, Esquire
Kedari Reddy, Esquire
J. Bradford McIlvain, Esquire

A. Jay Royce, III

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Counsel for the Lower Passaic River
Study Area Cooperating Parties Group
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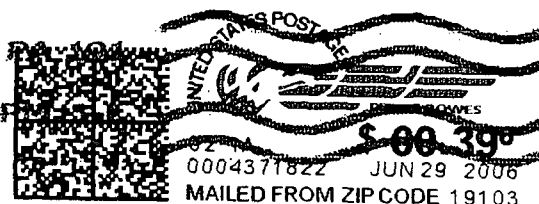
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29 JUN 2006



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